

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
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AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02
OPIC-03 LAB-04 SIL-01 OMB-01 /095 W
-----120965 261511Z /53

R 261300Z AUG 78
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 8791
INFO AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

C O N F I D E N T I A L SECTION 1 OF 2 BRASILIA 6727

E.O. 11652: N/A
TAGS: EGEN, BR, PGOV
SUBJECT: ACCEPTANCE SPEECH OF GENERAL EULER BENTES MONTEIRO:
ECONOMIC AND SOCIAL POLICY

REF: (A) BRASILIA 2936 (B) BRASILIA A-17 (C) BRASILIA 6680

1. SUMMARY. THE ECONOMIC PORTION OF RETIRED GENERAL BENTES MONTEIRO'S SPEECH FOLLOWING HIS NOMINATION BY THE MDB ON AUGUST 23, IS SUFFICIENTLY INTERESTING IN SUBSTANCE AND TONE TO BE REPORTED VERBATIM BELOW. THE MDB CANDIDATE FOR THE PRESIDENCY CALLED FOR NEW LEGISLATION ON FOREIGN CAPITAL, REDISTRIBUTION OF INCOME TO LESS-FAVORED INDIVIDUALS AND REGIONS, IMPLEMENTATION OF AGRARIAN REFORM, AND ENCHANCEMENT OF THE MARKET FOR INTERNAL CONSUMPTION. EULER THEREBY INDIRECTLY CHALLENGED ARENA PARTY CANDIDATE GENERAL JOAO BAPTISTA DE OLIVEIRA FIGUEIREDO, WHO IN HIS OWN ACCEPTANCE SPEECH (REF A) AND COMMENTS TO THE PRESS (REF B) CALLED FOR A CONTINUATION OF THE ECONOMIC POLICIES FOLLOWED BY THE ADMINISTRATION OF PRESIDENT GEISEL, WHICH INCLUDE EMPHASIS ON EXPORT-LED GROWTH, THE NEED FOR FOREIGN CAPITAL AND LOANS, AND PRODUCTIVITY
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EVEN AT SOME EXPENSE TO SOCIAL JUSTICE. END SUMMARY.

2. OVER HALF OF GENERAL EULER'S ACCEPTANCE SPEECH WAS DEVOTED TO HIS CALL FOR ECONOMIC AND SOCIAL REFORMS. THIS PORTION OF HIS SPEECH, AS PRINTED IN JORNAL DO BRASIL OF AUGUST 24, IS AS FOLLOWS:

BEGIN TEXT: WHILE THIS POLITICAL REFORMULATION IS BEING CARRIED OUT IN THE INSTITUTIONS OF REPRESENTATIVE DEMOCRACY, THE OTHER ITEMS WHICH ARE EQUALLY ESSENTIAL AND URGENT SHOULD NOT BE OMITTED: ECONOMIC AND SOCIAL MATTERS.

IN THE ECONOMY, IT IS NECESSARY TO FACE AND INITIATE, AMONG OTHERS, THE CORRECTION OF TWO EQUALLY SERIOUS DISTORTIONS: DEPENDENCY AND CONCENTRATION. BECAUSE OF THIS, IT IS URGENT TO ELABORATE, DISCUSS, VOTE ON, AND, ABOVE ALL, APPLY, WITH A WIDE AND FREE PARTICIPATION OF ALL INTERESTED SEGMENTS, SUITABLE LEGISLATION. CONCERNING EXTERNAL DEPENDENCY, IT IS INCUMBENT TO APPLY RIGOROUSLY A LEGAL STATUTE DISCIPLINING THE ENTRY AND OPERATIONS OF FOREIGN CAPITAL IN OUR COUNTRY. A STATUTE BY WHICH BRAZIL COULD BENEFIT FROM EXTERNAL SAINGS IN ITS NATIONAL DEVELOPMENT, WITHOUT EVER HAVING TO TRANSFER THE CENTER OF DECISION-MAKING OUTSIDE THE FRONTIERS OF OUR NATIVE LAND. A STATUTE BY WHICH THE ENTRY OF CAPITAL WOULD COMPLEMENT AND STRENGTHEN DOMESTIC CAPITAL, WITHOUT COMPROMISING OR WEAKIENING IT. THUS, THE FOREIGN OR MULTINATIONAL FIRM WILL PROSPER IN A HEALTHY MARKET ECONOMY, WITHOUT ANY DAMAGE TO THE DOMESTIC FIRM, AND THE DOMESTIC PRIVATE FIRM WILL BE TRULY DOMESTIC AND NOT A MERE SCREEN FOR FOREIGN HEADQUARTERS. IN THIS MANNER, CONFIDENTIAL

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THERE WILL BE INITIATED IN THIS COUNTRY A PROCESS OF STRUCTURAL CORRECTION WHICH WILL GIVE TO BRAZIL, AT LAST, THE ECONOMIC INDEPENDENCE WHICH WILL COMPLETE AND REINFORCE ITS POLITICAL INDEPENDENCE.

BUT, ALONG SIDE THIS, IT IS NECESSARY, ALSO, AND URGENT TO PROMOTE, WITH BALANCE BUT WITH EQUAL FIRMNESS, THE DECONCENTRATION OF THE NATIONAL ECONOMY. IN ANY SOCIETY, THE CONCENTRATION OF ECONOMIC POWER LEADS INEVITABLY TO THE CONCENTRATION OF POLITICAL POWER AND

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C O N F I D E N T I A L SECTION 2 OF 2 BRASILIA 6727

THEREBY TO THE DECLINE OF DEMOCRACY. TO BREAK UP THIS CONCENTRATION IS THEREFORE A REQUIREMENT OF THE VERY SOCIAL DEMOCRACY TO WHICH WE ASPIRE. THE ROAD TO FOLLOW, OF COURSE, WILL NOT BE TO ABANDON THE LARGE ENTERPRISE, BUT RATHER TO SUPPORT IT WHEREVER ITS SIZE IS A NECESSITY OR A CONVENIENCE, AND WILL BE TO STIMULATE AND FORTIFY SMALL AND MEDIUM FIRMS, AS INSTRUMENTS OF ECONOMIC HEALTH OF THE COUNTRY AND REINFORCEMENTS FOR THE CAPITALIZATION OF INTERNAL SAVINGS. THE ROAD, THEREFORE, IS THE MAINTENANCE AND STRENGTHENING OF THE PLURALITY OF THE MEANS OF PRODUCTION OF PRIVATE ENTERPRISE, LIMITING STATE CORPORATIONS TO THOSE STRICTLY NECESSARY FOR NATIONAL SECURITY AND TO THOSE SECTORS WHICH--BY THE VOLUME OF INVESTMENTS, SLOW MATURITY OR LOW PROFIT LEVELS--DO NOT INTEREST THE PRIVATE FIRM.

CONCERNING STATE ENTERPRISES, FURTHERMORE, IT IS NECESSARY FOR THE PUBLIC AUTHORITIES TO ACT ENERGETICALLY IN ALL INSTANCES, SETTING STANDARDS OF PRODUCTIVITY, SOCIAL RESPONSIBILITY, AND FINANCIAL INSPECTION TO AVOID DISTORTIONS IN THE ECONOMIC AND SOCIAL ORDER.
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SPECIAL EMPHASIS SHOULD BE GIVEN IN THE SOCIAL AREA, AS A CONSEQUENCE OF THE POLITICAL AND ECONOMIC REFORMULATION, FOR THE CONSTRUCTION OF A SOCIETY THAT WILL BE MORE JUST, PARTICIPATORY AND HARMONIOUS. FOR THIS THERE SHOULD BE PRODUCED LEGISLATION WHICH WILL BETTER ATTEND TO THE DISTRIBUTION OF NATIONAL INCOME, NOT ONLY AMONG CLASSES AND PROFESSIONS, BUT EQUALLY AMONG THE VARIOUS, AND SO UNEQUAL, REGIONS OF THE COUNTRY. LEGISLATION WHICH WILL IN THIS WAY RAISE

AND EVEN CREATE A MARKET OF DOMESTIC CONSUMPTION, INCORPORATING IN IT THE MARGINALIZED LAYERS OF OUR POPULATION. LEGISLATION WHICH WILL CONFRONT INFLATION AND FIGHT HIGH PRICES--THE GREATEST ANGUISH OF BRAZILIAN HOMES. LEGISLATION WHICH WILL APPLY THE LAND STATUTE, IN AN AUTHENTIC AGRARIAN REFORM, COMPLEMENTED BY AN URBAN REFORM, SO THAT BRAZILIANS CAN LIVE WITH DIGNITY. LEGISLATION IN WHICH VOLUNTARY OR COMPULSORY SAVINGS REVERTS, NEVER IN BENEFITS TO JUST A FEW, BUT RATHER TO THE WELL-BEING OF THE PEOPLE WHO CREATED IT. IN SUMMARY, A SOCIAL REFORMULATION WHICH WE PROFESS AND DEMAND WITH URGENCY, CONSISTING IN MARKING THE FRUITS OF ECONOMIC DEVELOPMENT HAVE AS THEIR PRIORITY OBJECTIVE THE BRAZILIAN MAN. END TEXT.

3. COMMENT: EULER'S ACCEPTANCE SPEECH IS MORE NATIONALISTIC THAN FIGUEIREDO'S (SEE REFS) WAS, MORE CRITICAL OF THE STATUS QUO, AND MORE REFLECTIVE OF THE ROLE OF GOVERNMENT IN FOSTERING ECONOMIC AND SOCIAL JUSTICE. EULER'S SPEECH, LIKE FIGUEIREDO'S, WAS DELIVERED IN A CLIPPED MILITARY STYLE, WITH WORDS THAT WERE MORE ABSTRACT AND ELEVATED THAN FIGUEIREDO'S AND WITHOUT FIGUEIREDO'S KNACK FOR A HOMELY BUT PICTURESQUE IMAGE. CONFIDENTIAL

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BOTH CANDIDATES DELIVERED THEIR SHARE OF CAMPAIGN ORATORY, BUT ALSO ESTABLISHED THEIR DIFFERENCES ON ECONOMIC AND SOCIAL ISSUES. EULER, THE EX-CHIEF OF THE GOB DEVELOPMENTAL AGENCY FOR THE NORTHEAST, SUDENE, APPEARS TO HAVE A HIGHER REGARD THAN FIGUEIREDO FOR THE CONTRIBUTIONS OF STATE AGENCIES AND CORPORATIONS. EULER ALSO EXPRESSED SOME OF THE POSITIONS--FORTIFICATION OF THE INTERNAL MARKET, FREEDOM FROM EXTERNAL DEPENDENCY, AND A LESSENERED ROLE FOR MULTINATIONAL FIRMS AND FOREIGN CAPITAL--THAT HAD BEEN EXPRESSED BY THE MINISTER OF INDUSTRY AND COMMERCE, SEVERO GOMES, WHO WAS FIRED BY GEISEL IN FEBRUARY 1977. SAYRE

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